

## Message Text

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44

ACTION ARA-10

INFO OCT-01 ISO-00 NEA-06 CIAE-00 DODE-00 PM-03 H-01

INR-05 L-02 NSAE-00 NSC-05 PA-01 RSC-01 PRS-01 SP-02

SS-15 USIA-06 AID-05 COME-00 EB-07 FRB-01 TRSE-00

XMB-02 OPIC-03 CIEP-01 LAB-04 SIL-01 OMB-01 FEA-01

INT-05 OES-03 AGR-05 /098 W  
----- 052743

R 131230Z DEC 74

FM AMCONSUL SAO PAULO  
TO SECSTATE WASHDC 5815  
INFO AMEMBASSY BRASILIA  
AMCONSUL RIO DE JANEIRO

C O N F I D E N T I A L SAO PAULO 2725

E. O. 11652: GDS

TAGS: EFIN, BR

SUBJECT: SAO PAULO PAPERS REPORT ONE BILLION DOLLAR ARAB LOAN  
TO BRAZIL BEING NEGOTIATED

REF: BRASILIA 9094 AND 9290

1. IN FIRST CABLE UNDER REFERENCE, BRASILIA RELAYED TO THE DEPARTMENT SAO PAULO REPORT THAT BRAZILIAN GOVERNMENT WAS NEGOTIATING A ONE BILLION DOLLAR STAND-BY SHORT TERM LOAN WITH KUWAIT INTERESTS. SUBSEQUENTLY, BRASILIA 9290 MADE REFERENCE TO NEWSPAPER REPORTS OF THIS TRANSACTION. THE FOLLOWING HAS BEEN COORDINATED WITH THE EMBASSY BRASILIA.

2. ON DECEMBER TEN, O ESTADO DE SAO PAULO IN FRONT-PAGE STORY REPORTED THAT THE GOB IS STUDYING AN OFFER OF A ONE BILLION CREDIT FOR PURCHASES OF ARAB OIL. THE OFFER, ACCORDING TO THE ESTADO, WAS MADE DURING THE RECENT VISIT OF REIS VELLOSO AND SHIGEAKI UEKI TO KUWAIT AND SAUDI ARABIA, BUT KEPT SECRET UNTIL NOW. A DECISION BY BRAZIL, THE ARTICLE SAID, IS EXPECTED WITH-  
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IN A WEEK TO FIFTEEN DAYS. IF BRAZIL CONCURS, IT WILL BE THE

FIRST SIGNIFICANT INJECTION OF PETRODOLLARS INTO BRAZIL.

3. ANOTHER ARTICLE ON THE SUBJECT IN THE SAME PAPER NOTED THAT BRAZIL, IN SPITE OF ITS GROWING NATIONAL PRODUCTION, WILL CONTINUE TO NEED A LARGE VOLUME OF IMPORTED CRUDE, THE GOB IS MAINTAINING SECRECY OVER THE OFFER OF ONE BILLION CREDIT, IT SAID, PENDING COMPLETION OF THE STUDIES OF THE PROPOSAL "WHICH SHOULD INVOLVE, IN EXCHANGE, EXPORTS OF BRAZILIAN AGRICULTURAL PRODUCTS TO THE COUNTRIES FURNISHING OIL."

4. FURTHER ARTICLES ON SAME SUBJECT APPEARED IN DECEMBER 11 ISSUE OF FOLHA AND O ESTADO DE SAO PAULO DESIGNATING KUWAT ALONE AS THE SOURCE OF THE POTENTIAL LOAN, WHICH, IF TRUE, IS CONSISTENT WITH INITIAL SAO PAULO REPORT. THEN, ON DECEMBER 12 BOTH PAPERS REPORT THAT REIS VELLOSO FORMALLY DENIES AND SHIGEAKI UEKI CONFIRMS THE NEGOTIATIONS, WHILE SEVERO GOMES (MINISTER OF INDUSTRY AND COMMERCE) INDICRECTLY CONFIRMS THE LOAN, STATING HE IS AWAITING THE ELABORATION "OF SECTIONAL PRIORITIES" IN ORDER TO DRAW UP PLANS FOR EMPLOYING THE LOAN WITHIN THE PRECINCTS OF HIS MINISTRY.  
CHAPIN

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## Message Attributes

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**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PRESS COMMENTS, BANK LOANS  
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**Draft Date:** 13 DEC 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** boyleja  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
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**Review Date:** 21 AUG 2002  
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**Review Transfer Date:**  
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**Secure:** OPEN  
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**Subject:** SAO PAULO PAPERS REPORT ONE BILLION DOLLAR ARAB LOAN TO BRAZIL BEING NEGOTIATED  
**TAGS:** EFIN, BR, KU  
**To:** STATE  
**Type:** TE  
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